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April 9, 1998

**BY COURIER**

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Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

APR - 9 1998

**WRITTEN EX PARTE  
PRESENTATION**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: CC Docket No. 96-45**

Dear Ms. Salas:

On behalf of ICG Communications, Inc., the undersigned hereby submits copies of letters from Cindy Schonhaut of ICG Communications, Inc., that were delivered to Chairman Kennard and Commissioners Ness, Furchtgott-Roth, Powell and Tristani. The enclosed letters provide further clarification of ICG Communications, Inc's position in the above-referenced matter.

If you desire any further information, please do not hesitate to contact the undersigned.

Sincerely,



Michael Carowitz

MC/rw  
Enclosures

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VIA COURIER

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. William Kennard  
Chairman  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554-0001

Re: Report to Congress on Universal Service, CC Docket No. 96-45

Dear Chairman Kennard:

As you know, the Federal Communications Commission ("Commission") must report to Congress, pursuant to H.R. 2267, on the implementation of the universal service provisions of the Telecommunications Act of 1996 ("Act") no later than April 10, 1998. This legislation directs the Commission to examine its current universal service policies, including the scope of their application to Internet service providers ("ISPs").

As both a competitive local exchange carrier ("CLEC") and an Internet services provider ("ISP"), ICG Communications, Inc. ("ICG") has been at the forefront of making the promise of the Act a reality for all Americans. ICG is the largest "facilities-based" CLEC that is not affiliated with a major interexchange carrier ("IXC"); ICG has extensive fiber-optic networks and voice and data switches deployed throughout the country. ICG currently offers local, long distance, and enhanced telephony and data services in the states of California and Colorado, as well as in the Ohio Valley and parts of the Southeastern United States. On January 22, 1998, ICG merged with NETCOM On-Line Communication Services, Inc. ("NETCOM"), a provider of Internet services. NETCOM is one of the leading ISPs in the country, and as of December 31, 1997, was providing service to approximately 540,000 customers and over 12,000 professional businesses.

Since passage of the Act more than two years ago, the telecommunications revolution that Congress hoped to foster, both in the level of competition and in the proliferation of services, has had a healthy, promising start. ICG has been a significant contributor to this successful start. ICG currently is bringing to market an innovative product that relies on internet protocol to bring callers a lower-priced long distance service. This type of innovation by ICG should not be surprising; it is precisely what Congress envisioned when it passed the Act.

ICG was quite alarmed to learn that the Commission is considering including as a part of its forthcoming report to Congress a recommendation that could quell much of the innovation that has resulted from the Act. In particular, the Commission appears to be weighing the extension of the existing access charge regime to new services, such as the one ICG has developed. Commission action along these lines would be devastating to emerging technologies and services. It would be a mistake, both procedurally and substantively.

The Commission should not take any action in the forthcoming report on universal service, nor make any statement, that would compromise its flexibility to address in the future any issues surrounding new technologies. It does not matter whether these technologies have the potential of replacing or duplicating existing telephone services. Now is not the time, in particular, for the Commission to state its views on the relationship between emerging technologies and the goal of universal service. Too little is known at this point about what the impact of the emerging technologies will be on existing services, or even whether any of the emerging technologies will ever be widely available on an economical basis, although speculation and assumptions abound.

It particularly would make little sense from a regulatory perspective to extend the access charge regime further. The Commission, as well as the individual Commissioners, have stated repeatedly that the access charge system does not work and desperately needs reform. For the Commission to apply access charges, or even signal that it may apply such charges, would hamstring burgeoning technologies that have the potential to be many things to many people. To the extent that it may be necessary for new services to contribute to the universal service fund (as in when a new service replaces an old "contributing" service), the Commission must look at all of the options before it without infecting the new services with the flaws of an access charge system that is acknowledged to be unworkable and inefficient.

ICG agrees that the emergence of new technologies and modes of telecommunication have changed the traditional regulatory approach to telephony, particularly as new services show the possibility of substituting for the services that currently fund universal service. It is a testament to the Act's success in creating new services, better quality in existing services, and lower prices that concerns have arisen in the regulatory arena about how the goal of universal service will be reconciled with the evolving telecommunications landscape. ICG believes that these concerns are the beginning of a healthy dialogue among the Congress, the Commission, the states, and the telecommunications industry. The goal of universal service and how it can be best achieved should be the subject of careful deliberation in the months ahead.

Mr. William Kennard  
April 9, 1998  
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Rather than tying its hands in the future by speaking too quickly, the Commission's report to Congress should reflect the Commission's intention to take a thoughtful, deliberate approach that will allow it to preserve universal service by addressing new technologies without stifling them. As a carrier that already contributes to the universal service fund, ICG intends to participate in the Commission's deliberations and will bear its share of the universal service burden that is fair and commensurate with the Act's and the Commission's goals.

Very truly yours,



Cindy Z. Schonhaut

cc: Susan Ness, Commissioner  
Harold Furchtgott-Roth, Commissioner  
Michael Powell, Commissioner  
Gloria Tristani, Commissioner



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**VIA COURIER**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Commissioner Susan Ness  
Federal Communications Commission  
1919 M Street, N.W.  
Room 832  
Washington, DC 20554-0001

Re: Report to Congress on Universal Service, CC Docket No. 96-45

Dear Commissioner Ness:

As you know, the Federal Communications Commission ("Commission") must report to Congress, pursuant to H.R. 2267, on the implementation of the universal service provisions of the Telecommunications Act of 1996 ("Act") no later than April 10, 1998. This legislation directs the Commission to examine its current universal service policies, including the scope of their application to Internet service providers ("ISPs").

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Commissioner Susan Ness  
April 9, 1998  
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Very truly yours,



Cindy Z. Schonhaut

cc: William E. Kennard, Chairman  
Harold Furchtgott-Roth, Commissioner  
Michael Powell, Commissioner  
Gloria Tristani, Commissioner



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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Commissioner Harold Furchtgott-Roth  
Federal Communications Commission  
1919 M Street, N.W.  
Room 802  
Washington, DC 20554-0001

Re: Report to Congress on Universal Service, CC Docket No. 96-45

Dear Commissioner Furchtgott-Roth:

As you know, the Federal Communications Commission ("Commission") must report to Congress, pursuant to H.R. 2267, on the implementation of the universal service provisions of the Telecommunications Act of 1996 ("Act") no later than April 10, 1998. This legislation directs the Commission to examine its current universal service policies, including the scope of their application to Internet service providers ("ISPs").

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Commissioner Harold Furchtgott-Roth  
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FEDERAL COMMUNICATIONS COMMISSION  
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**VIA COURIER**

Commissioner Michael Powell  
Federal Communications Commission  
1919 M Street, N.W.  
Room 844  
Washington, DC 20554-0001

Re: Report to Congress on Universal Service, CC Docket No. 96-45

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FEDERAL COMMUNICATIONS COMMISSION  
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**VIA COURIER**

Commissioner Gloria Tristani  
Federal Communications Commission  
1919 M Street, N.W.  
Room 826  
Washington, DC 20554-0001

Re: Report to Congress on Universal Service, CC Docket No. 96-45

Dear Commissioner Tristani:

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